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**UNITED STATES BANKRUPTCY COURT
FOR THE SOUTHERN DISTRICT OF NEW YORK**

In re: Case No. 18-23538 (RDD)

SEARS HOLDINGS CORPORATION, et al.

Chapter 11

Debtors.

**OBJECTION OF U.S. REALTY 86 ASSOCIATES TO THE OMNIBUS MOTION OF
DEBTORS TO REJECT CERTAIN UNEXPIRED LEASES AND RELATED SUBLEASES OF
NONRESIDENTIAL REAL PROPERTY AND ABANDONMENT OF PROPERTY IN
CONNECTION THEREWITH**

U.S. Realty 86 Associates (hereinafter “the Landlord”), by and through its undersigned counsel, hereby files this objection (hereinafter “the Objection”) to the Omnibus Motion of Debtors to Reject Certain Unexpired Leases and Related Subleases of Nonresidential Real Property and Abandonment of Property in Connection Therewith (Docket Entry 25)(hereinafter “the Rejection Motion”), and respectfully represents as follows:

1. Sears Holdings Corporation and its affiliated co-debtors (collectively, “the Debtors”) filed their voluntary petitions for relief under chapter 11 of Title 11 of the United States Code on October 15, 2018. The Debtors continue to operate their business and manage their properties as debtors-in-possession pursuant to 11 U.S.C. §§ 1107(a) and 1108.

2. The Debtors lease retail space at 21830 S E Burnside Road, Gresham, Oregon 97030-3744 from the Landlord pursuant to an unexpired lease of nonresidential real property.

3. On October 15, 2018, the Debtors filed the Rejection Motion which seeks to reject 217 stores that are no longer being operated by the Debtors. The Landlord has no objection to the rejection of the Lease. However, since the Landlord does not have possession of the premises at this time, the Landlord files this objection to make sure that the effective date of the rejection of the Lease is consistent with the Landlord's recovery of possession and the surrender of the premises by the Debtors and Debtors' subtenants, High Quality Automotive Repair, LLC and To and Sons Corp.

4. The Rejection Motion seeks to reject the Lease effective October 15, 2018. The Landlord objects to the proposed rejection date since the two subtenants are still in possession under their respective subleases with the Debtors.

5. In order to properly turn over possession of the premises and effectively reject the Lease, the Debtors must turnover all keys and alarm codes to the Landlord, along with written confirmation that the Debtors have vacated the premises to the Landlord, which written confirmation should include information necessary to effect the transfer of utilities, as well as any other information to facilitate transition of the premises.

6. Rejection cannot occur prior to the date the Landlord regains full possession and control of the premises. If the Debtors seek to reject prior to turning over the premiss, it exposes the Landlord to liability for damages over which it has no control, and would create a potential gap in insurance coverage between the proposed effective date of rejection (October 15, 2018) and the date of possession and control by the Landlord. Once the legal rejection date occurs for any lease, the Debtors arguably no longer have an insurable interest in such lease or the premises, and thus any

damages occurring to persons or property after the legal date of rejection are potentially not covered by the Debtors' insurance. Therefore, the effective date of rejection cannot occur unless and until possession is turned over to the Landlord.

7. To the extent not inconsistent with the relief sought herein, the Landlord hereby joins in all objections raised by other landlords.

WHEREFORE, U.S. Realty 86 Associates respectfully requests that any order approving the rejection of the Lease provide that the effective date of rejection be a date no earlier than the date on which High Quality Automotive Repair, LLC and To and Sons Corp. vacate the premises and possession is turned over to the Landlord, with all keys, alarm codes, and other transitional information being delivered to the Landlord, and after the removal of all personal property as required by the Lease, and such other and further relief as may be just and proper.

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Dated: November 8, 2018
Roseland, New Jersey